

FAQs About Changes in Depreciation

Q: Has Missouri conformed to the federal 30% bonus depreciation allowed by the Job Creation and Worker Assistance Act?

A: No. Missouri Senate Bill 1248 requires an add-back of the depreciation exceeding the deduction that would have been allowed prior to the passage of the Job Creation and Worker Assistance Act (JCWAA) for property purchased between July 1, 2002 and June 30, 2003. The passenger car depreciation limits established prior to JCWA passage apply (first year—\$3,060.00).

Q: Does Missouri allow you to recover the bonus depreciation amount in later years?

A: Yes. A subtraction from federal adjusted gross income is allowed in later years to recover or redistribute the depreciation disallowed when the property was first depreciated. The amount may be calculated by figuring the difference in regular depreciation before and after JWCAA.

Q: Does Missouri allow a subtraction to reflect the difference in basis at the time the asset is sold and reduce the gain by that amount?

A: No. Senate Bill 1248 provides a subtraction for the difference in allowable depreciation taken during that period, but does not allow the adjustments to reduce the gain due to the difference in depreciable basis.

Q: Can Senate Bill 1248 ever require the reduction of Missouri itemized deductions?

A: Yes. If miscellaneous itemized deductions on Federal Schedule A include unreimbursed employee expenses, arrived at using accelerated depreciation, the Missouri allowable depreciation will need to be calculated and an adjustment may be necessary as an addition/subtraction on Form MO-A, Part 1.